

# TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

0 3 — 0 1

2. STATE:

Michigan

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)

4. PROPOSED EFFECTIVE DATE

March 1, 2003

TO: REGIONAL ADMINISTRATOR  
HEALTH CARE FINANCING ADMINISTRATION  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN

☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

42 CFR 447.252

7. FEDERAL BUDGET IMPACT:

a. FFY 2003 \$ (\$7,370,860)

b. FFY 2004 \$ (\$12,303,240)

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19D, Section IV  
pages 24(b) and 31

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):

Attachment 4.19-D, Section IV  
pages 24(b), 24(c) and 31

10. SUBJECT OF AMENDMENT:

Nursing Facility Reimbursement

11. GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT

☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☒ OTHER, AS SPECIFIED:

Janet Olszewski

12. SIGNATURE OF STATE AGENCY OFFICIAL:

*Janet Olszewski*  
13. TYPED NAME: Janet Olszewski

14. TITLE: Director

15. DATE SUBMITTED: JANUARY 9, 2003

16. RETURN TO:

Michigan Department of Community Health  
Capitol Commons Center - 7th Floor  
400 South Pine  
Lansing, Michigan 48933

Attn.: Nancy Bishop  
Policy and Federal Affairs

## FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

1/10/03

18. DATE APPROVED:

3/28/03

19. EFFECTIVE DATE OF APPROVED MATERIAL:

3/1/03

20. SIGNATURE OF REGIONAL OFFICIAL:

*Sam F. Smith*

21. TYPED NAME:

CHARLENE BROWN

22. TITLE:

Deputy Director, CMSO

23. REMARKS:

Pen & Ink Change, page 24B TN# changed to 0301

**STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT  
STATE OF MICHIGAN**

**POLICY AND METHODS FOR ESTABLISHING PAYMENT RATES  
(LONG TERM CARE FACILITIES)**

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less, times the CQIP percentage. The percentage of payment will be based on yearly project review results of the CQIP.

**3. Short CQIP Year and Transition**

The 1997-98 CQIP year is a short program year. The end of the program year has been changed from October 31, 1998 to May 31, 1998. During this seven month time frame facilities must begin and finish at least one complete project. This means that during the seven month time frame the facility must, for its project(s), begin and complete assessment, planning, implementation, and evaluation. The due date for the 1997-98 required final report(s) has been changed to June 15, 1998. Facilities who do not start and finish all four parts of at least one project during the short year will lose the incentive payment for at least 12 months, effective October 1, 1998.

A new program schedule begins in 1998-99. The 1998-99 program year changes from November 1 through October 31 to June 1 through May 31. This change in program year will allow the MSA to provide future payments for CQIP on a prospective basis.

**E. Excellence Recognition Program**

The Excellence Recognition Program is discontinued with state fiscal year 2003.

**F. Husband and Wife Exception**

Whenever a husband and wife (or blood relatives) are being cared for in the same facility, they are permitted to share a room, unless medically contraindicated (as documented by the attending physician in the patient's medical record). If either requires nursing care, the facility will receive reimbursement at the nursing level-of-care rate for both clients. This policy shall be in effect in regard to long-term nursing care and other levels of residential care in facilities with both nursing care and residential units.

**STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT**  
**State of Michigan**

**POLICY AND METHODS FOR ESTABLISHING PAYMENT RATES**  
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N. Long Term Care Facility Proportionate Share Pool

A proportionate share pool is created each fiscal year to increase reimbursement to providers. Eligible providers are those owned by local units of government and in operation at the time of payment. Payment to each facility is in proportion to the facility's number of Medicaid Program inpatient days for the most recent completed calendar year. The inpatient days will be determined from the Medicaid program Invoice Processing payment data nine months after the end of the calendar year. The pool is created each state fiscal year subject to the upper payment limits of 42 CFR 447.272. The pool will be funded at a level not to exceed the Medicare upper payment limit for each state fiscal year, which ends September 30. A public notice will be distributed that provides information about what the payments will be each year. The information will comply with applicable federal public notice standards for each year.

O. Personal Clothing for Recipients in Class IV Intermediate Care Facilities for the Mentally Retarded (ICF/MR)

Class IV facilities are reimbursed for allowable costs determined in accordance with the Medicare Principles of Reimbursement (42 CFR, Chapter IV, Subchapter B, Part 413), with the following additions:

To enable the normalization of recipients in ICFs/MR, street clothing supplied by the facility and/or required by the patient's plan of care will be considered an allowable cost for Medicaid patients residing in ICFs/MR who do not own or have other access to the clothing required.

P. Beginning March 1, 2003, the Variable Cost Components of Class I and Class III Nursing Facilities, determined in accordance with Subsection C above, will be reduced by a factor of 1.85%